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To: Howard S. Weitzman
Comptroller

From: Thomas F. Killeen
Payroll & Benefits Director

Date: June 5, 2006

Re: **Dual Health Insurance Family Coverage for County/NHCC Employees**

Nassau County is spending \$4 million annually on duplicate family coverage for married participants in the health insurance program. Ending this practice would bring the County into line with other governmental entities, including New York State and New York City, which permit only one family plan for married couples, and could be structured to guarantee that affected employees lose no part of the financial benefit of their current duplicate health insurance.

In 2003, the Comptroller's Office issued a white paper recommending the elimination of dual family coverage for married participants in the health insurance program. The administration has taken a step in the right direction; the CSEA collective bargaining agreement requires married CSEA unit members to have only one family health insurance plan. However, the administration resolved a grievance by permitting the other spouse to elect an individual health insurance plan. The Nassau Health Care Corporation has a similar provision in its CSEA contract. Unfortunately, these restrictions apply only within the CSEA bargaining unit and both the administration and the NHCC still permit married employees to have two health insurance policies.

If duplicate coverage were eliminated entirely, \$4.012 million could be saved annually. If the County and the NHCC were to permit only one spouse to receive health insurance and the other spouse to receive the standard \$2,000 health insurance buyback, \$3,339,468 could be saved annually, based on 2006 premium rates. Employees could have the option of receiving

the \$2,000 buyback directly into a pre-tax flexible benefits account and use the funds to pay for out of pocket medical expenses.

This change should be made immediately for employees who are not covered by a collective bargaining agreement. The Office of Labor Relations should determine whether the change could also be implemented immediately for retirees, and should begin negotiations with the unions representing all other employees to implement this savings. While we believe that this change would represent a net gain for the affected employees, in those rare instances where employees would have to pay more out of pocket for medical services than before the change, the employee could be held harmless by the County.

A chart projecting the potential five year annual savings is attached. We project that the five years savings total will be \$28.8 million and that the savings will reach \$6.23 million annually by 2011.

Our analysis identified 343 married couples who receive health insurance from the County, the College or the NHCC.

The categories included:

Both employed by the County or the College (104 couples)

Both retired (83 couples)

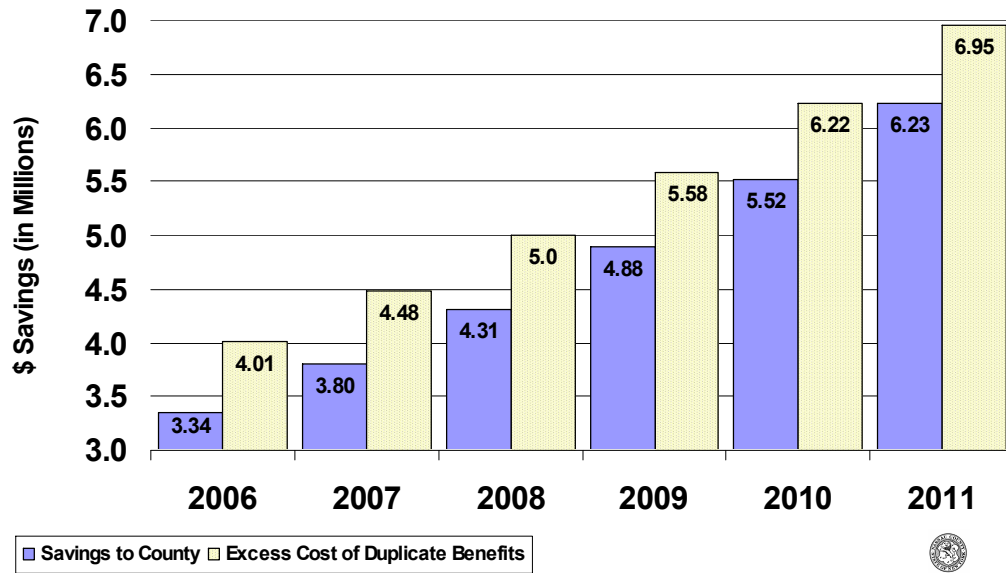
One employed by the County or the College and one retired (80 couples)


One employed by County and one employed by NHCC (51 couples)

Both employed by NHCC (25 couples)

cc: Christine R. Bonczyk
Christine Robinson

Projected Savings From Eliminating Duplicate Family Health Benefits




HOWARD S. WEITZMAN
NASSAU COUNTY COMPTROLLER
MAY 2006